

AGENDA ITEM



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Presentation on a Proposed New Sales Tax (NST) Electric Rate Discount and Provide Electric Utility Department with Direction (EUD)

MEETING DATE: April 7, 2010

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: Receive a presentation on a proposed New Sales Tax (NST) Electric Rate Discount and provide Electric Utility Department with direction.

BACKGROUND INFORMATION: The Electric Utility Department has developed for City Council consideration a new electric utility rate incentive: the New Sales Tax (NST) Rate Discount. The proposed NST has three primary objectives:

- 1) Enhance sales tax revenue to Lodi's General Fund;
- 2) Reduce the vacancy rate of commercial properties in Lodi, thus reducing the potential for property neglect, vandalism and/or blight; and,
- 3) Strengthen Lodi's commitment to business growth and economic development during this temporary national economic downturn.

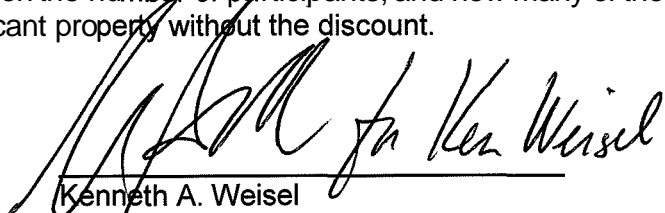
As proposed, NST would be available to commercial customers (G1, G2, G3, G4 or G5 electric utility rate) who generate at least \$100,000 in sales tax or more per year for the City of Lodi pursuant to Bradley Burns Sales Tax, and occupy a property that has been vacant for a minimum of three months. As presented, the proposed rate discount would be 10 percent through Fiscal Year 2010/11 and 5 percent through Fiscal Year 2011/12.

The proposed resolution would have the incentive expire at the end of June 2012 at which point staff could assess whether economic conditions require renewal.

The discount could be in effect upon a customer occupancy date of July 1, 2010, with City Council approval by ordinance.

FISCAL IMPACT: Unknown. Dependent upon the number of participants, and how many of those would not occupy the vacant property without the discount.

FUNDING: Not applicable.


Kenneth A. Weisel
Interim Electric Utility Director

PREPARED BY: Rob Lechner, Manager, Customer Service and Programs

KAW/RL/lst

APPROVED: 
Blair King, City Manager

Proposed New Sales Tax (NST) Rate Discount

Lodi City Council

April 7, 2010



Proposed NST Rate Discount

- Goals
- Qualifications
- Discount
- Timeline
- Questions



Goals

- Enhance sales tax revenue to General Fund
- Reduce vacancy rate of commercial properties
 - avoid neglect/vandalism/blight
- Strengthen Lodi's commitment to business growth and economic development during temporary economic downturn



Qualifications

- Commercial customer: G1, G2, G3, G4, or G5 rate
- Generate \$100,000 or more in sales tax per year (Lodi share)
- Occupy property that was vacant for 3 months or +
- If leaving another property vacant (moving from one Lodi property to another), the increase in sales tax for Lodi must be \$100,000



Discount

- 10% electric discount through FY10/11 and 5% electric discount FY11/12
- Discount sunsets June 2012
- Tourism and/or Wine industry business, receives the larger of EDR or NST discount, not both



Timeline

- April 7, 2010 City Council input & direction

If directed to proceed:

- April 21, 2010 Set date for Public Hearing
- May 19, 2010 1st Reading: Introduce Ordinance and hold Public Hearing
- June 2, 2010 2nd Reading: Adopt Ordinance
- July 1, 2010 Effective date, occupy on or after July 1 (bills for meter readings after July 1, 2010)



Questions

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